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October 19, 1987

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Assistant Director  
Division of Investment Management  
Mail Stop 5-2  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549

ACT	SECTION	RULE
1940C	17(d)	---
1940C	18(d)	---
1940C	23(a)	---

Re: Application of Association of Publicly Traded  
Investment Funds - File No. 812-5498

Dear Mr. Payne:

As you may recall, on June 21, 1985 the Commission issued an order granting exemptions from Sections 17(d), 18(d) and 23(a), (b) and (c) and Rules thereunder, to permit internally-managed, closed-end investment company members of the Association of Publicly Traded Investment Funds to offer their employees, including certain employees of their wholly-owned subsidiaries, deferred equity compensation in the form of stock options or stock appreciation rights, subject to the representations and conditions set forth in the Association's Application, as amended (Investment Company Act Release No. 14594). On December 23, 1986, the Commission's order was amended to permit use of the exemption by Association members which have retirement plans qualified under Section 401(a) of the Internal Revenue Code (Investment Company Act Release No. 15496).

The order, as amended, applies not only to internally-managed closed-end investment companies that were members of the Association on the date of issuance, but also to any such companies that might in the future join the Association. As stated in Amendment No. 4 to the Association's Application, the exemption was limited to members of the Association (present and future) because of uncertainty as to whether the relief requested would be appropriate for all internally-managed, registered closed-end investment companies. Membership in the Association has been limited to registered closed-end investment companies

KIRKPATRICK & LOCKHART

Glen A. Payne, Esquire

October 19, 1987

Page 2

that are (a) engaged in the business of investing and reinvesting in a diversified portfolio consisting primarily of marketable securities, (b) have at least 100 shareholders, 400,000 publicly-held shares, and total assets of at least \$10 million, and (c) are not a small business investment company or a business development company.

As of October 1, 1987 the Association has consolidated its operations into a new Closed-End Division of the Investment Company Institute ("ICI"). All Association members who submit applications for ICI membership and pay the requisite dues assessment will become members of the new Closed-End Division. The Closed-end Division will continue and expand the present trade association functions of the Association and the Board of Directors of the Association will become members of the Governing Committee of the Division, which will determine membership standards and dues schedules and other policy issues.

The Association presently remains in existence but intends to dissolve in the future when its obligations have been fully discharged and there is no purpose to its continued existence. Under the plan of dissolution recommended by the Board of Directors of the Association, and now being submitted for membership approval, all assets of the dissolved Association will be contributed to the ICI for use in furthering the activities of its Closed-End Division. Thus, the Closed-End Division of the ICI will be, in all respects, the successor-in-interest to the Association and will assume all its functions as a trade association.

Under these circumstances, we believe that it is consistent with the purpose and policy underlying the exemption to permit its use by members, present and future, of the Closed-end Division of the ICI if such members are internally-managed, registered closed-end investment companies and would have satisfied the membership standards of the Association. As noted, under those standards, an internally-managed, registered closed-end investment company could avail itself of the exemption only if it (a) is engaged in the business of investing and reinvesting in a diversified portfolio, consisting primarily of marketable securities, (b) has at least 100 shareholders, 400,000 publicly-held shares and total assets of at least \$10 million, and (c) is not a small business investment company or business development company.

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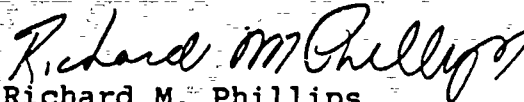
Glen A. Payne, Esquire  
October 19, 1987  
Page 3

The availability of the exemption to members of the ICI Closed-End Division satisfying these standards, would not, in any way, enlarge the category of companies eligible for the exemption. It would simply recognize that the Closed-End Division of the ICI is the successor-in-interest of the Association and that eligible members of that Division should have the same rights and obligations under the Commission's Exemptive Order as present and future members of the Association.

Accordingly, we request that you advise us whether the Division would recommend to the Commission that it take any enforcement action against internally-managed members of the Closed-End Division of the ICI who, subject to the representations and conditions set forth in the Commission's exemptive order dated June 21, 1985, as amended, offer their employees, including certain employees of their wholly-owned subsidiaries, deferred equity compensation in the form of stock options or stock appreciation rights.

On behalf of the Association we appreciate your prompt consideration of this request.

Sincerely yours,

  
Richard M. Phillips

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RESPONSE OF THE OFFICE OF CHIEF COUNSEL  
DIVISION OF INVESTMENT MANAGEMENT

Our Ref. No. 87-592  
Association of Publicly  
Traded Investment Funds  
File No. 812-5498

Your letter of October 19, 1987 requests our assurance that we would not recommend any enforcement action under Sections 17(d), 18(d) and 23(a), (b) and (c) of the Investment Company Act of 1940 ("1940 Act") if upon dissolution of the Association of Publicly Traded Investment Funds ("Association"), members of the Closed-End Division of the Investment Company Institute ("ICI") that would meet the standards for membership in the Association rely on the order for exemptive relief previously granted to the Association. The order granted June 21, 1985 and amended December 23, 1986 provides exemptive relief from Sections 17(d), 18(d) and 23(a), (b) and (c) to allow registered, internally-managed closed-end investment funds which are members of the Association to offer their employees deferred equity compensation, in the form of stock options or stock appreciation rights. You represent that as of October 1, 1987 the Association consolidated its operations into the Closed-End Division of the ICI and that, with the dissolution of the Association, the Closed-End Division of the ICI will become the successor-in-interest of the Association.

Your letter represents that permitting use of the existing exemption by internally-managed members of the Closed-End Division that would meet the membership standards of the Association would continue to limit the availability of that exemption to those internally-managed closed-end investment companies that (i) are engaged in the business of investing and reinvesting in a diversified portfolio, consisting primarily of marketable securities; (ii) have at least 100 shareholders, 400,000 publicly-held shares, and total assets of at least \$10 million, and; (iii) are not either a small business investment company or a business development company. Based on the representations in your letter, we would not recommend any enforcement action under Sections 17(d), 18(d) and 23(a), (b) and (c) provided that internally managed closed-end funds that are members of the Closed-End Division of the ICI seeking to rely on the exemptive order meet the aforementioned standards and comply with all provisions of the order, as amended.

*Carol A. Peebles*

Carol A. Peebles  
Staff Attorney